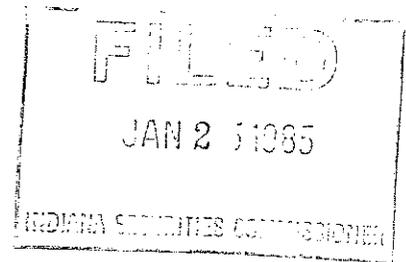


IN THE MATTER OF:

AMENDMENTS TO THE RULES  
OF THE INDIANA SECURITIES  
DIVISION



ORDER ADOPTING AMENDMENTS TO THE RULES  
OF THE INDIANA SECURITIES DIVISION

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Comes now O. Wayne Davis, Indiana Securities Commissioner, pursuant to the rule making authority granted by IC 23-2-1-15(f), and says:

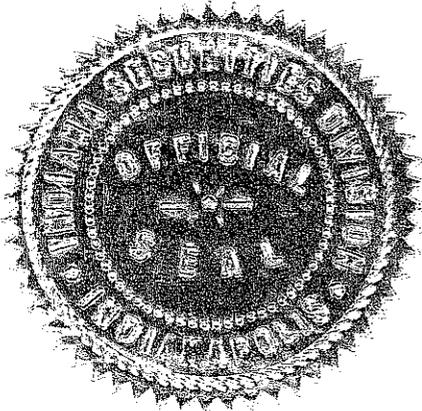
1. The Indiana Securities Division caused to be published in the January 1, 1985, edition of the Indiana Register, (8 Ind. Reg. 409 [1985]), certain proposed amendments to 710 IAC 1, the Rules and Regulations of the Indiana Securities Division;
2. The Division caused to be published on January 3, 1985, a notice in a newspaper of general circulation in Marion County, to-wit: The Indianapolis Commercial, describing said proposed amendments and disclosing the date, time, and location of a public hearing regarding said proposed amendments;
3. A public hearing in regard to the proposed amendments was held at 9:00 o'clock a.m., January 24, 1985, in the office of the Securities Division, One North Capitol, Suite 560, Indianapolis, Indiana.

So saying, and being duly advised, the Commissioner now finds that it is in the public interest that the Rules of the Securities Division be amended as provided in the proposed amendments.

IT IS, THEREFORE, ORDERED that the amendments to the Rules of the Securities Division attached hereto be, and they hereby are, ADOPTED.

IT IS FURTHER ORDERED AND DIRECTED that these amendments be submitted to the Attorney General and Governor of Indiana for their approval as required by IC 4-22-2.

ORDERED at Indianapolis, Indiana this 25<sup>th</sup> day of January, 1985.



EDWIN J. SIMCOX  
SECRETARY OF STATE

O. Wayne Davis  
O. WAYNE DAVIS  
INDIANA SECURITIES COMMISSIONER

APPROVAL OF THE SECRETARY OF STATE AS REQUIRED BY IC 23-2-1-15(f).

APPROVED this 28<sup>th</sup> day of January, 1985.

Edwin J. Simcox  
EDWIN J. SIMCOX  
INDIANA SECRETARY OF STATE

DIGEST

Amends 710 IAC 1-3.5-3, concerning disqualification from use of nonpublic offering exemption.

SECTION 1: Article 710 IAC 1-3.5-3 is amended as follows:

710 IAC 1-3.5-3:

Disqualifications from use of nonpublic offering exemption

Authority: IC 23-2-1-15; IC 23-2-1-2

Affected: IC 23-2-1-2

Sec. 3. (a) The exemption provided by IC 23-2-1-2(b)(10) shall not be available for any offering of securities by an issuer if such issuer, any of its predecessors, or any affiliated issuer:

(1) has filed within five years prior to the commencement of the offering a registration statement that is the subject of any pending proceeding or examination under the securities laws of any jurisdiction or that is the subject of any currently effective refusal order or stop order thereunder;

(2) is subject to any pending proceeding in any jurisdiction relating to the exemption from registration of any security or offering or to a currently effective order denying use of an exemption;

(3) has been convicted in any jurisdiction within five years prior to the commencement of the offering of any felony or misdemeanor in connection with the purchase or sale of any security or commodity or involving the making of any false filing relating to any security or offering;

(4) is subject to any order, judgment, or decree of any court or regulatory authority of competent jurisdiction temporarily or preliminarily restraining or enjoining, or is subject to any order, judgment, or decree of any court or regulatory authority of competent jurisdiction, entered within five years prior to the commencement of the offering, permanently restraining or enjoining such person from engaging in, or continuing any conduct or practice (including making use of any exemption) in connection with the purchase or sale of any security or commodity or involving the making of any false filing relating to any security or offering; or

(5) is subject to a United States Postal Service false representation order entered under section 3005 of title 39, United States Code, within five years prior to the commencement of the offering; or is subject to a temporary restraining order or preliminary injunction entered under section 3007 of title 39, United States Code with respect to conduct alleged to have violated section 3005 of title 39, United States Code.

(b) The exemption provided by IC 23-2-1-2(b)(10) shall not be available for any offering of securities of any issuer, if any of its directors, officers, general partners, or beneficial owners of ten percent or more of any class of its equity securities (beneficial ownership, meaning the power to vote or direct the vote and/or the power to dispose or direct the disposition of such securities), any of its promoters presently connected with it in any capacity, any underwriter of the securities to be offered, or any

partner, director or officer of any such underwriter, or any person representing the issuer in effecting or attempting to effect sales of securities:

(1) has been convicted within ten years prior to the filing of the commencement of the offering of any felony or misdemeanor in connection with the purchase or sale of any security or commodity, involving the making of a false filing relating to any security or offering; arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, or investment adviser; or involving fraud, deceit or intentional wrongdoing, including but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(2) is subject to any order, judgment, or decree of any court or regulatory authority of competent jurisdiction temporarily or preliminarily enjoining or restraining, or is subject to any order, judgment or decree of any court or regulatory authority of competent jurisdiction, entered within five years prior to the commencement of the offering, permanently enjoining or restraining, such person from engaging in or continuing any conduct of practice (including making use of any exemption) in connection with the purchase or sale of any security or commodity or involving the making of a false filing relating to any security or offering, or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, or investment adviser;

(3) is suspended or expelled from membership in, or suspended or barred from association with a member of, an exchange registered as a national securities exchange pursuant to section 6 of the Securities Exchange Act of 1934, an association registered as a national securities association under section 15A of the Securities Exchange Act of 1934, or a Canadian securities exchange or association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade; or

(4) is subject to a United States Postal Service false representation order entered under section 3005 of title 39, United States Code, within five years prior to the commencement of the offering; or is subject to a restraining order or preliminary injunction entered under section 3007 of title 39, United States Code, with respect to conduct alleged to have violated section 3005 of title 39, United States Code.

(c) The exemption provided by IC 23-2-1-2(b)(10) shall not be available for an offering of securities by an issuer if the issuer is subject to the requirements of section 13,14, or 15(d) of the Securities Exchange Act of 1934, unless such issuer has filed all reports required to be filed by those sections within the preceding 12 months.

(d) Paragraph (a), (b) or (c) of this section shall not apply to an offering of securities if the commissioner determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption under IC 23-2-1-2(b)(10) be denied. Any such determination by the commissioner shall be without prejudice to any other action by the commission in any other proceeding or matter with respect to the issuer or any other person.

(e) Paragraph (b) of this section shall not apply if the person subject to disqualification is an underwriter of the securities to be offered, or any partner, director, or officer of any such underwriter, and:

(1) such person is duly licensed or registered to conduct securities related business in the jurisdiction under whose laws the disqualifying event occurred; or  
(2) such person is registered under IC 23-2-1-8 and the disqualifying event is disclosed on his application for registration.

*Linley E. Pearson*

Linley E. Pearson  
Attorney General

3-13-85

Date

*Robert D. Orr*

Robert D. Orr  
Governor

3/14/85

Date

FILED  
MAR 15 1985

1:43pm

SB

Edwin J. Simcox  
Secretary of State

SECRETARY OF STATE OF INDIANA

*Linda R. Greene 3/15/85*

Legislative Services Agency